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Prevented Planting Insurance Provisions: Drought

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Drought and Prevented Planting

Prevented planting is a failure to plant an insured crop with the proper equipment by the final planting date designated in the insurance policy's Special Provisions or during the late planting period, if applicable. Final planting dates and late planting periods vary by crop and by area. Producers should refer to the policy provisions or contact their crop insurance agent for more information.

The Crop Provisions for each crop specify whether prevented planting is available. Crop insurance policies with prevented planting provisions provide valuable coverage to producers when **drought** prevents planting on non-irrigated acreage, or results in an inadequate irrigation water supply for irrigated acreage. Because farming is complex, eligibility for a prevented planting payment must be determined on a case-by-case basis. However, the following provides a general overview.

Prevented planting payments may be made when on the final planting date there is not a reasonable expectation of having adequate irrigation water available, and the reduced amount of water is a result of an insured cause of loss (such as drought) that occurred during the insurance period.

The prevented planting guarantee for most crops is 60 percent of the production guarantee for timely planted acreage (65 or 70 percent if available and elected by the sales closing date). For both Crop Revenue Coverage and Revenue Assurance policies (with the Fall Harvest Price Option), final prevented planting payments are based on the Fall Harvest Price. There is **no** prevented planting coverage under Group Risk Plan (GRP) or Group Risk Income Protection (GRIP) insurance policies.

Carryover and New Policyholders

Producers who had an insurance policy the prior year (carryover policyholders) are eligible for prevented planting payments if the insured cause of loss occurred after the sales closing date for the previous crop year, provided insurance was in force

continuously since that date, and all other prevented planting requirements are met. **New** policyholders are eligible for prevented planting payments if the insured cause of loss occurred after the sales closing date for the current crop year, and all other prevented planting requirements are met.

For example, the corn sales closing date is March 15, 2009, for the 2009 crop year. An insured cause of loss occurs on or after March 15, 2009. For the 2009 crop year, a new policyholder or a carryover policyholder could be eligible for a prevented planting payment for the 2009 crop year. However, if a cause of loss that prevents planting in 2009 occurred between March 15, 2008, and March 14, 2009, only the carryover policyholder would be eligible for a prevented planting payment.

Eligibility for Prevented Planting Payments

The key factor in determining eligibility is the amount of irrigation water expected to be available on the final planting date. If you have irrigated crops, you may be eligible for prevented planting payments if:

- **You do not plant** by the final planting date or during the late planting period (if applicable), because there is not a reasonable expectation of having adequate water to carry out a good irrigation practice as a result of an insured cause of loss occurring within the insurance period; or
- **You can plant** only a portion of your irrigated acreage because there is not a reasonable expectation of having adequate water for all of your irrigated acreage. In this case, any remaining acreage you were unable to plant due to lack of irrigation water may be eligible for a prevented planting payment.

Which Crops Are Covered Under Prevented Planting?

Prevented planting coverage is available for: barley, buckwheat, canola/rapeseed, corn, cotton, ELS cotton, dry beans, dry peas, flax, grain sorghum, green peas, hybrid seed corn, hybrid sorghum seed, millet, mustard, oats, onions, peanuts, popcorn, central and

southern potatoes, northern potatoes, processing sweet corn, processing beans, rice, rye, safflowers, silage sorghum, soybeans, sugar beets, sunflower seeds, and wheat. To find out if your crop can be insured for prevented planting in **your** county, contact your insurance agent.

Prevented Planting for Irrigated Acreage

Prevented planting payments may be made for irrigated acreage when, on the final planting date (or within the late planting period if the producer elects to plant during such period), there is not a reasonable expectation of having adequate water available due to an insured cause of loss (such as drought) during the insurance period.

Should I Plant?

Producers should base their decision about whether or not to plant on agronomically sound and well-documented drought management practices. Producers may choose to:

- Plant fewer irrigated acres, based on amount of adequate irrigation water available;
- Plant and report the acreage without adequate water as non-irrigated, if a non-irrigated practice is available for the crop in your county;
- Not plant the acreage if adequate water is not available and claim a prevented planting payment; **or**
- Plant and report the acreage as uninsurable if a non-irrigated practice is not available for the crop in the county.

Keep Good Documents

Good documentation is key to receiving prevented planting payments. Because prevented planting claims depend on the amount of adequate irrigation water expected for the year ahead, producers should keep all documentation regarding how much water they will receive for the crop year, and any justifications provided for reductions in the allocation. Producers should work with their approved insurance provider to determine what documentation is needed for their specific prevented planting claim. Documentation may also be available from local water authorities including:

- The U.S. Bureau of Reclamation
- The U.S. Army Corps of Engineers

- USDA's Cooperative State Research, Education, and Extension Service
- USDA's Natural Resources Conservation Service

To be eligible for prevented planting, producers must be able to verify a prolonged period of drought. Sources that record and study weather conditions include the National Weather Service's local weather reporting stations.

Prevented Planting for Non-Irrigated Acreage

To be eligible for prevented planting for non-irrigated acreage due to drought, the area that is prevented from being planted must, on the final planting date (or within the late planting period if the producer elects to plant during such period), have insufficient soil moisture for germination of seed or progress toward crop maturity due to a prolonged period of dry weather. Prolonged precipitation deficiencies must be verifiable using information collected by sources that record and study weather conditions including, but not limited to, the National Weather Service's local weather reporting stations.

Common Misconceptions

Misconception: Prevented planting coverage does not pay you when you incur a loss.

Fact: From 2001 through 2008, prevented planting payments totaled over \$2.9 billion nationwide. Amounts paid in any given year depend on actual conditions, but have been as high as \$550 million in 2001.

Misconception: Producers are not covered when a drought causes a shortage of irrigation water.

Fact: Crop insurance policies specifically address failure of an irrigation water supply. If failure of the irrigation water supply occurs before the producer plants and the failure is the result of an insurable cause of loss during the insurance period, the acreage will be eligible for prevented planting.

Misconception: If you are prevented from planting because of a lack of irrigation water, you must plant and insure the crop on a non-irrigated basis.

Fact: There is no requirement in the crop insurance policy to plant any crop on acreage you cannot plant because of lack of irrigation water.

Misconception: No payment will be made if a water provider stops providing water to producers after insured crops have been planted in order to provide water for recreational purposes such as fishing.

Fact: If water is diverted due to an insured cause of loss (such as drought) and occurs during the insurance period, you may be eligible for insurance payments on the insured acreage. You must have had a reasonable expectation of receiving sufficient irrigation water to carry out a good irrigation practice on the planted acreage at the time of planting. If a portion of the diversion is due to an insured cause of loss and a portion is due to uninsured causes, only the portion attributable to insured causes will be paid.

Misconception: If continued drought is predicted, you should plant all or none of your insured crop.

Fact: Crop insurance policies do not require you to plant or not plant your crops. Those decisions are solely up to you and depend upon your unique circumstances.

Misconception: Prevented planting does not cover you in multi-year drought conditions.

Fact: Prevented planting covers drought, including multi-year droughts. However, coverage is limited to losses caused by the effects of drought in the current crop year. Multi-year droughts could reduce the amount of acreage qualifying for prevented planting if the amount of irrigation water available in a previous crop year could not be replaced, based on normal weather in the insurance period. Only the acres that could have been irrigated under normal weather conditions during the insurance period are eligible for prevented planting in the current crop year. For **carryover** policyholders, the insurance period for prevented planting begins on the sales closing date for the previous crop year as long as insurance has been in force continuously since that date. For **new** policyholders, the insurance period for prevented

planting begins on the sales closing date for the current crop year.

Misconception: Once a prevented planting payment is made for any acreage, payment cannot be made on the same acreage in a succeeding year.

Fact: Prevented planting covers insured perils occurring within the insurance period. You may be eligible for prevented planting if drought conditions continue into the next crop year.

For More Information

Prevented planting handbook:

http://www.rma.usda.gov/handbooks/25000/2008/08_25370-1h.pdf

Agent locator: <http://www3.rma.usda.gov/apps/agents/>

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